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**To:** "John Baza" <JOHNBAZA@utah.gov>, "Mary Ann Wright" <maryannwright@utah.gov>, "Steve Alder" <STEVEALDER@utah.gov>  
**Date:** 12/10/2006 3:04:43 PM  
**Subject:** Letters re: 60 day permit review - Lila Canyon Mine

John, Mary Ann and Steve, attached is the first of two letters I am forwarding which were hand delivered to Director Baza on Friday, December 8, 2006. Both concern the 60 day time period for completing review of the Lila Canyon Extension to the Horse Canyon Mine Permit. Attached is my letter confirming the Division's decision not to stipulate to the 60- day time period. The second e-mail forwards a letter from Mike Mckown, general counsel for UEI and requests written acknowledgment of the Division's commitment to the 60 day review period and a status report. This issue can be addressed during the conference call we have scheduled tomorrow between counsel for UEI, Mary Ann, and Steve Alder regarding the status of permit review. This call is scheduled at 4:00 pm on Monday, December 11, 2006. Please let me know if you have any questions. Thanks! Denise

Denise A. Dragoo  
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December 8, 2006  
**HAND DELIVERED**

SALT LAKE CITY, UTAH

PHOENIX, ARIZONA

TUCSON, ARIZONA

IRVINE, CALIFORNIA

DENVER, COLORADO

LAS VEGAS, NEVADA

Director John R. Baza  
Utah Division of Oil, Gas & Mining  
1594 West North Temple  
Salt Lake City, Utah 84114

**RE: Issuance of Mine Permit, Lila Canyon Mine, C/007/013**

Dear Director Baza:

On behalf of UtahAmerican Energy, Inc. ("UEI"), we are responding to your letter dated November 27, 2006, regarding the status of the informal conference in the above-entitled matter held on November 8, 2005. Specifically, we are responding to your request to file a motion to close the informal conference. After further review of the administrative record, we have confirmed that the informal conference was closed as of November 18, 2005, by your Order dated December 2, 2005. The Order of January 19, 2006, entered pursuant to the stipulation of the parties, did not reopen the informal conference, rather, it allowed the Division additional time to complete tribal consultation and issue a permit. Therefore, there is no need for you to issue another order to close the informal conference. For these reasons, UEI withdraws its proposed stipulation. Our notice filed November 22, 2006, withdrew UEI's agreement to the stipulation supporting issuance of the January 19, 2006 Order. Consistent with Utah Code Ann. § 40-10-14, the Division has sixty (60) days from UEI's notice of withdrawal in which to issue the Lila Canyon Extension mine permit, i.e., until January 22, 2007.

We appreciate your assistance in this matter.

Very truly yours,



Denise A. Dragoo

DD:jmc:423170

cc: Steven Alder, Esq. (via U.S. mail)  
Ira Hatch, Emery County Commission (via U.S. mail)  
Stephen Bloch, Esq. (via U.S. mail)  
Michael McKown, Esq. (via e-mail)  
John Jevicky, Esq. (via e-mail)